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THE MADRAS LEGISLATIVE COUNCIL

Thursday, the 23rd February 1961.

The House met in the Council Chamber, Fort St. George, at three of the clock, Mr. Chairman THE HON. DR. P. V. CHERIAN) in the Chair.

I.—WALK-OUT BY CERTAIN MEMBERS OF THE OPPOSITION.

SRI MOHAMED RAZA KHAN : Sir, without meaning any disrespect to you or discourtesy to the House, we are staging a walk-out for the duration of the question-time as ' a protest against the unfair treatment ' meted out to us during the recent visit of Queen Elizabeth II.

THE HON. SRI R. VENKATARAMAN : Sir, I want to make the position clear. This is a private reception given by Members by subscription. Government have nothing to do with this reception as such. Therefore, if there is any protest, it must be a protest by the Members against themselves and not against the Government.

II.—QUESTIONS AND ANSWERS.

STARRED QUESTIONS.

Handloom Delegation

MR. CHAIRMAN : As the hon. Member Sri S. K. Sambandhan is not in his seat, the question and the answer thereto will be printed in the Official Report of the Proceedings.

* 67 *Q.*—SRI S. K. SAMBANDHAN : Will the Hon. the Minister for Industries be pleased to state with reference to the answer given to Legislative Council Question No. 56 on 24th August 1960—

(*a*) whether the Handloom Delegation which went to the Far East recently has submitted any report to the Government; and

(*b*) if so, the details thereof and the action taken or proposed to be taken thereon?

THE HON. SRI R. VENKATARAMAN : (*a*) Yes, Sir.

(*b*) The report is being examined by Government.

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Functional Industrial Estates

* 68 *Q.*—VIDWAN T. MUTHUKANNAPPAN : Will the Hon. the Minister for Industries be pleased to state—

(*a*) whether it is a fact that Functional Industrial Estates in the State are proposed to be set up by the Government of India for the manufacture of leather goods including footwear during the first year of the Third Five-Year Plan;

(*b*) if so, whether the Government have been consulted in this matter; and

(*c*) the stage at which the matter now stands?

THE HON. SRI R. VENKATARAMAN : (*a*) to (*c*) An Industrial Estate exclusively for leather goods and footwear is proposed to be set up by the Government at Perambur at an estimated cost of Rs. 11,54,200 non-recurring and Rs. 30,730 recurring. The entire cost of the scheme will be provided by the Government of India by way of loan. The intention is to commence work in 1961-62.

VIDWAN T. MUTHUKANNAPPAN : இடம் பெரம்பூர் என்று தேர்ந்தெடுத்ததில் ஏதாவது காரணம் இருக்கிறதா? அது ராஜ்ய சர்க்கார் சிபாரிசுப்படி தேர்ந்தெடுக்கப்பட்டதா? அல்லது மத்திய அரசாங்கம் செய்ததா?

THE HON. SRI R. VENKATARAMAN : ராஜ்ய அரசாங்கம் தான் தேர்ந்தெடுத்தது.

Misappropriation of temple properties

* 69 *Q.*—DR. A. SREENIVASAN : Will the Hon. the Minister for Home be pleased to state—

(*a*) whether any instances of misappropriation of temple properties by trustees has been brought to the notice of the Government during 1960; and

(*b*) if so, the details thereof and the action taken or proposed to be taken thereon?

THE HON. SRI M. BHAKTAVATSALAM : (*a*) & (*b*) Two instances were brought to notice. One case is under investigation by the Police and the other has already been closed since the amount lost has been recovered.

DR. A. SREENIVASAN : May I know which are the temples involved?

THE HON. SRI M. BHAKTAVATSALAM : One is a temple in the Tirunelveli district and another is a temple in the Madras City. The temple in the City referred to is the Tiruvatteeswaran Temple, Tiruvatteeswaranpet.

DR. A. SREENIVASAN : Is it not a fact that the Hon. Minister told me the other day that the enquiry with regard to the Tiruvatteeswaran Temple was over?

THE HON. SRI M. BHAKTAVATSALAM : Yes, Sir. That is what I have stated in my answer. The enquiry is over.

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DR. A. SREENIVASAN : Is the Tiruvatteeswaran Temple involved in this matter?

THE HON. SRI M. BHAKTAVATSALAM : I have referred to two cases. The Tiruvatteeswaranpet Temple is not included in those two cases.

Death of Indian Nationals

* 70 *Q.*—VIDWAN T. MUTHUKANNAPPAN : Will the Hon. the Minister for Home be pleased to state—

(*a*) whether any communication has been received from the Government of India in regard to the death of 18 Indian nationals on the seashore of Ceylon during the last week of August 1960; and

(*b*) if so, the action taken thereon?

THE HON. SRI M. BHAKTAVATSALAM : (*a*) Yes, Sir, The Government of India, Ministry of External Affairs, wanted to know the details of this incident and suggested that action be taken against the touts responsible for it. They also suggested that wide publicity should be given to this incident so that it may serve as a deterrent against a repetition of such ventures.

(*b*) The Inspector-General of Police, Madras, was asked to investigate into the incident and to take action against persons responsible for it. The Inspector-General and the Collectors of districts have also been instructed to give wide publicity to this incident.

VIDWAN T. MUTHUKANNAPPAN : *18 பேர்கள் இறந்ததற்குக் காரணம் தற்கொலையா, கொலையா என்று நிட்டவட்டமாக கண்டறியப்பட்டதா ?*

THE HON. SRI M. BHAKTAVATSALAM : *அவர்கள் அனுமதியின்றி சிலோனுக்குப் போனவர்கள். திருட்டுத்தனமாக போனவர்கள் அவர்களை ஓட்டிச் சென்ற போட் ஓட்டியவர்கள் அவர்களைக் கொஞ்ச தூரத்திலேயே இறங்கிவிட வேண்டுமென்று சொனார்கள். அதற்குள்ளேயே அவர்களுக்கும் போட்காரர்களுக்கும் தகராறு ஏற்பட்டது. அந்தத் தகராரின் காரணமாக 16 பேர்கள் மூழ்கிவிட்டார்கள், கடலிலே. ஐந்து பேர்கள் தப்பித்துக் கொண்டு சிலோன் போய்ச்சேர்ந்தார்கள்.*

VIDWAN T. MUTHUKANNAPPAN : *இந்தச் சம்பவம் நடந்து 6, 7 மாதங்கள் ஆகின்றன. இதைத் தவிர்க்க இதுவரை என்ன நடவடிக்கை எடுக்கப்பட்டிருக்கிறது என்று தெரிந்துகொள்ளலாமா ?*

THE HON. SRI M. BHAKTAVATSALAM : *திருட்டுத்தனமாகப் போவது தவறு என்பது நன்றாக விளம்பரம் செய்யப்பட்டிருக்கிறது.*

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Influenza

* 71 *Q.*—SRI T. P. SRINIVASAVARADAN: Will the Hon. the Minister for Revenue be pleased to state—

(*a*) whether Influenza was prevalent in the City of Madras in September or October, 1960; and

(*b*) if so, the steps taken by the Government to combat the spread of Influenza?

THE HON. SRI M. A. MANICKAVELU: (*a*) Influenza was not prevalent in an epidemic form but cases of fever with cold were prevalent due to change in climatic conditions.

(*b*) No special steps were considered necessary.

SRI T. P. SRINIVASAVARADAN: May I know whether expert advice was taken on this matter and whether the expert said that it was not influenza but only ordinary fever?

THE HON. SRI M. A. MANICKAVELU: There were only cases of ordinary fever with cold. The general diagonosis was influenza.

SRI T. P. SRINIVASAVARADAN: Was it the opinion of doctors in Government hospitals or was it the opinion of private doctors that it was not influenza but only ordinary fever?

THE HON. SRI M. A. MANICKAVELU: Both kinds of doctors.

SRI T. P. SRINIVASAVARADAN: It has become an annual visitation in the recent years. May I know what steps the experts have suggested to the Government to take to eradicate once and for all this kind of fever? Even if it is only ordinary fever, we find it has become an annual visitation.

THE HON. SRI M. A. MANICKAVELU: I have not got the doctor's opinion. But as a layman, I may say, to build up resistance to such conditions is the best remedy. I may also inform the hon. Member that there was no case of death in spite of the fact that there were so many cases of attack. In September 885 cases and in October 819 cases were treated in the Government Hospital and 900 and odd and 11,000 and odd respectively in the Corporation Dispensaries.

SRI T. P. SRINIVASAVARADAN: When there were so many cases of attack, does the Hon. Minister still hold that it was not in the form of epidemic, i.e., influenza?

THE HON. SRI M. A. MANICKAVELU: Influenza was not prevalent in epidemic form so as to result in many fatal cases. The disease was loosely called influenza. It was only fever with cold. That was the diagonosis.

DR. A. SREENIVASAN: Are the Government making use of the anti-influenza vaccine in this State?

THE HON. SRI M. A. MANICKAVELU: It is used in real cases of influenza. In the particular cases, it was not probably used.

Admission to M.B.B.S. Course

* 72 *Q.*—DR. A. SREENIVASAN : Will the Hon. the Minister for Revenue be pleased to state—

(*a*) whether any interview has been conducted by the Director of Medical Services for direct admission to M.B.B.S. Course in July 1960; and

(*b*) if so, the results thereof?

THE HON. SRI M. A. MANICKAVELU : (*a*) No.

(*b*) Does not arise.

DR. A. SREENIVASAN : Has the attention of the Hon. Minister been drawn to the signed letter written by one of the correspondents in "The Hindu" two months ago about this matter?

THE HON. SRI M. A. MANICKAVELU : I do not remember to have looked into it.

Roads and pathways

MR. CHAIRMAN : As the hon. Member Sri A. K. Thangavel Mudaliar is not in his seat, the question and the answer thereto will be printed in the Official Report of the Proceedings.

* 73 *Q.*—SRI A. K. THANGAVEL MUDALIAR : Will the Hon. the Minister for Works be pleased to place on the table of the House a list showing (i) the number of roads and (ii) the number of pathways leading to burning grounds for Harijans to be formed in Perandur and Kancheepuram firkas in Chingleput district during the Third Five-Year Plan period?

THE HON. SRI P. KAKKAN : (i) & (ii) The Collector of Chingleput has reported that five applications for the provision of pathways to Harijan colonies and to burial ground in Perandur firka are pending with his subordinate officers. As regards Kancheepuram firka, no application is pending. The pending applications would be enquired into and action taken. The details of such minor works to be undertaken during the Third Five-Year Plan period are not worked out in advance. They are undertaken by the Collectors as and when the need arises out of lump sum provisions made in the Budget.

Municipal Market at Arni

* 74 *Q.*—SRI T. P. SRINIVASAVARADAN : Will the Hon the Minister for Local Administration be pleased to state—

(*a*) whether any representation has been received by the Government regarding the enhancement of rent of the stalls of the Municipal Market at Arni; and 3-10 p.m.

(*b*) if so, the action taken or proposed to be taken thereon?

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THE HON. SRIMATHI LOURDHAMMAL SIMON: (a) Yes, Sir. Representations have been received from certain stall holders in the Municipal Market at Arni and from the Madras State Perishable Article Dealers' Association, Madras, on behalf of the Arni Vegetable Merchants' Sangam.

(b) An appeal is now pending in the High Court against the acquittal of certain stall holders for non-payment of rent at enhanced rates. Pending disposal of this appeal by the High Court, no action could be taken on the said representations.

SRI T. P. SRINIVASAVARADAN: May I know whether the enhancement was made by the Municipal Council or by the Commissioner?

THE HON. SRIMATHI LOURDHAMMAL SIMON: I need notice of a separate question.

SRI T. P. SRINIVASAVARADAN: Was there any hartal by the stall-holders and if so, how long did that last?

THE HON. SRIMATHI LOURDHAMMAL SIMON: I have no information about it.

Harassment of fishermen

* 75 Q.—VIDWAN T. MUTHUKANNAPPAN: Will the Hon. the Minister for Local Administration be pleased to state—

(a) whether any instance of harassment of fishermen of the Verkot village to Rameswaram taluk by the Ceylon Police while they go for fishing operations near Kutch Islands between India and Ceylon has been brought to the notice of the Government and

(b) if so, the action taken or proposed to be taken thereon?

THE HON. SRIMATHI LOURDHAMMAL SIMON: (a) Yes, Sir. A statement on the subject is placed on the Table of the House.

(b) The Government propose to request the Government of India to take up the matter with the Government of Ceylon.

VIDWAN T. MUTHUKANNAPPAN: தாங்கள் வழக்கமாக மீன பிடிக்கும் இடத்தில் மீன் பிடிக்கச் சென்ற நிரபராதிகளான ஏழை மீனவர்கள் கொடுமையாக அடிக்கப்பட்டும் துப்பாக்கியால் சுடப் பட்டும் துன்புறுத்தப்பட்டிருக்கிறார்கள். அப்படிச் செய்த சிலோன் அதிகாரிகள் மீது நடவடிக்கை எடுக்க வேண்டுமென்று அரசாங்கம் மத்திய அரசாங்கத்தை கேட்டிருக்கிறதா?

THE HON. SRIMATHI LOURDHAMMAL SIMON: நமது அரசாங்கம் மத்திய அரசாங்கத்தோடு இதைப்பற்றி பேசவேண்டு மென்று நினைத்திருக்கிறது.

(a) Printed as appendix on page 371 infra.

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VIDWAN T. MUTHUKANNAPPAN : கட்சுத் தீவு நமக்கே சொந்தமானதென்று உறுதிப்படுத்த ஏதாவது நடவடிக்கை எடுக்கப்பட்டிருக்கிறதா ?

THE HON. SRIMATHI LOURDHAMMAL SIMON : அது இரண்டு விதமானதாக இருக்கிறது. அதைப்பற்றி நாம் பேச வேண்டியதில்லை.

THE HON. SRI R. VENKATARAMAN : Mr. Chairman, this is not within the purview of the State Government. It is a matter relating to the relationship between two States' Governments. Therefore, it is only within the competence of Parliament.

Kundah Project

*76 *Q*.--DR. A. SREENIVASAN : Will the Hon. the Minister for Electricity be pleased to state the expenditure incurred by the Government for the opening ceremony of Kundah Project by the Prime Minister of India?

THE HON SRI V. RAMIAH : An expenditure of Rs. 30,164 was incurred in connection with the inauguration. This includes an expenditure of Rs. 10,500 incurred by the Madras State Electricity Board.

DR. A. SREENIVASAN : On what principle do the Government generally spend money on such occasions? Is there any principle governing the spending of money, such large sums of money, for things like this?

THE HON. SRI V. RAMAIAH : When a large project is to be inaugurated, which is of importance not only to the State but to all India, we have to arrange a fuction of sufficient magnitude or importance to show what we have done. That is the principle.

DR. A. SREENIVASAN : Is it for advertisement that the Madras Government have been spending so much money?

THE HON. SRI V. RAMAIAH : It is not advertisement alone. It is to encourage the workers who have participated in the completion of the project; it is to honour the countries and the great personality that have participated in this project.

SRI T. P. SRINIVASAVARADAN : Why was not the entire amount spent by the Electricity Board?

THE HON. SRI V. RAMAIAH : The Prime Minister had to come and participate in the inauguration. The expenditure on security arrangements, etc., had to be met by the Government.

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DR. A. SREENIVASAN : Why should the Prime Minister of India come? Why not the Hon. Minister here or anybody else do it? Why incur this huge expenditure?

THE HON. SRI V. RAMAIAH : It was indeed very kind of the Prime Ministtr to have acepted our invitation to inaugurate.

Dr. A. Sreenivasan rose.

MR. CHAIRMAN :No more questions.

DR. A. SREENIVASAN : I will not ask any more questions.

THE HON. SRI V. RAMAIAH : I have not finished my answer. We felt it was only appropriate that the Prime Minister should participate in the function because the project is a great pride of our State. I do not think that we are so stingy as to avoid expenditure on the visit of the Prime Mnister for such functions.

MR. CHAIRMAN : Questions are over.

[*Note.*—An asterisk (*) at the commencement of a speech indicates revision by the Member.]

III. ANNOUNCEMENT.

NOMINATION OF MEMBERS TO THE BUSINESS ADVISORY COMMITTEE AND THE COMMITTEE ON GOVERNMENT ASSURANCES.

MR. CHAIRMAN : I have to announce to the House that under rule 164 (1) and rule 173 (1) respectively of the Madras Council Rules, I have nominated the following members to be the members of the Business Advisory Committee and the Committee on Government Assurances of the Council for one year with effect from 15th March 1961:—

Business Advisory Committee

1. Hon. Chairman (Chairman).
2. Hon. Sri R. Venkataraman.
3. Dr. A. Lakshmanasami Mudaliar.
4. Sri V. K. Palaniswamy Gounder.
5. Sri V. S. Balasundaram.
6. Sri Mohamed Raza Khan.
7. Sri K. Balasubramanya Ayyar.
8. Sri M. Subbiah Chettiar.
9. Srimathi Saraswathi Pandurangam.

Committte on Government Assurances

1. Dr. A. Lakshmanasami Mudaliar.
2. Sri K. Balasubramanya Ayyar.
3. Sri S. P. Sivasubramanya Nadar.
4. Dr. A. Chidambaranathan.
5. Sri S. K. Sambandhan.

Under rule 174 (1), I have nominated Dr. A. Lakshmanaswami Mudaliar to be the Chairman of the Committee on Government Assurances.

IV. GOVERNMENT BILL.

THE MADRAS CHIT FUNDS BILL, 1961 (L.A. BILL NO. 5 OF 1960)—*cont.*

MR. CHAIRMAN : We shall now take up the Madras Chit Funds Bill, 1961, for consideration clause by clause. There is an omnibus amendment to clauses 3 to 7 given notice of by Mr. Raza Khan and there is also another amendment given notice of by Mr. Patanjali Sastri to clause 5. Thre is, however, no amendment to clause 2 and I shall put it to vote first.

Clause 2 was put and carried.

Clauses 3 *to* 7.

SRI MOHAMED RAZA KHAN : Sir, I move—

"*For* the existing clauses 3 to 7, *substitute* the following as new clause 3 :—

3. *Registration of by-laws and commencement of chit business.*—(1) Save as otherwise provided in this Act, no person shall conduct any chit or commence any auction or drawing of any chit unless he has registered with the Registrar the proposed by-laws of the chit and has obtained a certificate of commencement from the Registrar.

(2) For the purpose of registration, there shall be filed with the Registrar the by-laws of the chit in duplicate signed by the foreman and attested by at least two witnesses.

(3) The Registrar, on being satisfied that the by-laws are not contrary to this Act or to the rules made thereunder, shall issue to the foreman a certificate of registration and such certificate shall be conclusive evidence that the by-laws of the chit therein mentioned are duly registered.

(4) The Registrar shall retain the by-laws of the chit and return the duplicate of the by-laws to the foreman with an endorsement that the by-laws have been registered.

(5) For the purpose of certificate of commencement, there shall be filed with the Registrar an agreement with its duplicate.

(6) The Registrar shall retain the chit agreement and return the duplicate chit agreement to the foreman with an endorsement that the chit agreement if filed.

(7) The Registrar shall, on being satisfied that the by-laws of the chit have been registered and the chit agreement has been filed and the security required under section 12 has been furnished by the foreman, grant a certificate of commencement.

(8) Every chit agreement shall be in duplicate and shall be signed by the subscribers or by persons authorised in that behalf in writing by the subscribers, and the foreman and attested by at least two witnesses and it shall contain the following particulars, namely :—

(i) The full name and the permanent residential address of every subscriber,

(ii) The tickets held by each subscriber;

(iii) the number of instalments and the amount payable in respect of each ticket for each instalment;

(iv) the dates of commencement and termination of the chit;

(v) the mode of ascertaining the prized subscriber;

(vi) the amount of discount which the prized subscriber at any instalment has to forego :

Provided that the amount shall not in any case exceed twenty-five per cent of the chit amounts.

(vii) The mode and proportion in which the discount is distributable by way of dividend, foreman's commission and other epxenses, if any;

(viii) the date, time place at which the chit is to be drawn;

(ix) if under the chit agreement the foreman is entitled to the chit amount, the instalment at which the foreman is to get the chit amount;

(x) he approved bank or banks in which chit moneys shall be deposited by the foreman under the provision of this Act;

(xi) the manner in which the chit shall be continued where the foreman who is an individual dies or becomes of unsound mind; and

(xii) any other particulars which may be prescribed.

Explanation.—It is sufficient to get the signature of each subscriber on separate copies of the agreement' "

The amendment was duly seconded.

SRI MOHAMED RAZA KHAN . Let me explain the purpose of my amendment. After all the intention of the Government is to see, whatever the nature of the chit that the subscribers' interests are safeguarded. The Government thought, therefore. that there was nothing wrong in the eleborate procedure they have suggested in this Bill. Mr. Chairman, I find that the Hon. Minister and another Member are talking. The Minister and the Member cannot speak at the same time. (laughter).

MR. CHAIRMAN : Order, order.

SRI MOHÁMED RAZA KHAN : If my amendments are accepted, the whole procedure will be shortened and it will facilitate quick work in the chit fund. I need not dilate on this issue. further. Any way, if a party wants to run a chit, he has to go to the Registrar and everything has to be registered, including the by-laws. To go through these and other such processes, it will take a very long time. After all the very purpose of organising a chit is that the subscribers are in need of money. Everybody

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want the money at the earliest possible time whether it is 1,000 rupees or 500 rupees. I need not expatiate on all this now. What could be done in two days will take two or three months if the procedure laid down in the Bill is followed. All the precautions laid down in clauses 3 to 7 can be observed even if my amendment is accepted. The purpose of my amendment is to cut short the time that the observance of the procedure contained in the Bill as it is will take. The person in charge can take the list of subscribers to the Registrar and say 'Here is a list of subscribers' and settle everything including the conditions of the chit in a day or two.

Otherwise there will be good deal of time lag and the result will be these people who want to be subscribers in the chit will have to be waiting for months together or they may have to go to other funds or keep out of them for ever. That is the main purpose of my amendment, Sir. 3-20 p.m.

SRI K. BALASUBRAMANYA AYYAR: There are, Mr. Chairman, two stages covered by clauses 3 to 7. One is that the by-laws should be framed and filed before the Registrar and the Registrar should accept them and give his endorsement on the duplicate and send it back to the foreman saying that the by-laws have been registered. Only after the receipt of this endorsment stating that the by-laws have been registered by the Registrar the foreman can issue or publish any notice, circular, prospectus or other documents containing the terms and conditions of any chit or invite the public to subscribe for tickets in any chit. That seems to be the scheme of the Bill. The foreman should not begin to make any proposal as regards the conduct of the chit or storting of the chit unless the by-laws have been registered by the Registrar. Now the Hon. Member Sri Raza Khan wants by his amendment that these two things could be done finally and once for all namely the registration of the by-laws and the certificate of commencement of the chit. If these two are done at the same time, it will save time as he said. The two conditions namely that the by-laws should be registered and a certificate of commencement should be obtained are there in the amendment. These two conditions are accepted by the mover of the amendment. No foreman can conduct a chit without registration of the by-laws and without getting a certificate of commencement of this chit. Instead of splitting them into two stages the Hon. Member wants to have both together at the same time so that the time lag could be avoided. There is no fundamental difference as regards rights of parties or regulation of the rights of parties, either of the foreman or of the subscriber. The difficulty in following the procedure namely applying first for the registration and then obtaining the certificate of commencement is simplified by the amendment.

There is one other small matter covered by the amendment of the Hon. Member. That relates to the amount of discount. This comes under clause 5.

SRI M. SESHACHARIAR : We are now in clause 3.

SRI K. BALASUBRAMANYA AYYAR : We are discussing clauses 3 to 7. That is what the Hon. Chairman said. Let us follow what the Hon. Chairman said.

Item (6) of clause 5 relates to the discount that the subscriber has to forego. The Hon. Member Sri Raza Khan wants that it should not be higher than 25 per cent of the total. It is not stated in the Bill as to how much will be deducted.

SRI M. SESHACHARIAR : All that will come under the rules. (Interruption.)

SRI K. BALASUBRAMANYA AYYAR : It goes into the fundamentals of the Bill. It deals with the agreement and the different points are stated in the clause itself. That I think—that is should not be higher than 25 per cent—will be a hard thing for the subscriber and the foreman as well. That is my personel feeling. It is a matter for the Hon. Member to decide. I do not want to speak against it.

MR. CHAIRMAN : The Hon. Member Sri Patanjali Sastri may formally move his amendment to clause 5 and get it seconded.

* SRI M. PATANJALI SASTRI : Mr. Chairman Sir, before I move the amendment which stands in my name, I wish to state with your leave that the amendments of which I have given notice of, are intended not to correct the inartistic drafting of the Bill. There are instances of drafting which might need improvement though they need not affect the substance of the matter. I may instance in this connection clause 13 (e). Item (e) says ' to substitute subscribers in the place of defaulters; and, now ' defaulting subscribers ' is defined and having defined that expression one would expect that that would be used in that context, instead of the word ' defaulter ' which is not defined and which is only an ordinary dictionary word. They should have used the words 'defaulting subscriber'. As I said that is not a material point. That is only an instance of inept drafting and therefore I do not propose to trouble the Hon. the Mover of the Bill with such things. There are other instances of that kind and I leave them alone.

Now I move—

" In item (6) after the word ' forego ' at the end *add* the following words :—

' where such subscriber is determined by drawing a lot'."

The amendment was duly seconded.

SRI M. PATANJALI SASTRI : The amendment which I have given notice of relates to the substance of the matter. Now I am aware, and I may observe from experience here of this Council that almost 99 per cent of the amendments . . . .

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SRI K. BALASUBRAMANYA AYYAR : All the amendments.

SRI M. PATANJALI SASTRI : I stand corrected by the Hon. the Deputy Leader of the Opposition. All the amendments are turned down. I realise there is the rather cumbersome procedure prescribed by the Constitution for the amendments being tossed back and forth from one House to the other House and from where there are two Chambers in particular States. On the other hand there is also the paramount need if I may so put it of making all legislation perfect as far as possible not incongruous, or anomalous or irrational. This is also equally an important object which the Hon. the Mover of the Bill should take into consideration. For instance, there are before recent years, some Acts which have stood the test of time for centuries. Their provisions are perfect in drafting and in all particulars. They have been consistent and have dovetailed into one another. There have been no amendments adopted to the Penal Code, except in matters of policy. There may have been some variations of policy, some amendments affecting policy. But otherwise this kind of defective language or inconsistent or illogical provisions or irrational provisions, there were none. No amendments were brought forward to correct such errors. But unfortunately with the spate of legislation which every State is undertaking recently, we find a series of legislations put on the Statute book. And I sympathise and appreciate the difficulty of the draftsmen who are asked to draft legislations at very short notice. Drafting a piece of legislation is very difficult process. Unfortunately most of the draftsmen here are not given sufficient time. I remember the draftsmen of Parliament once telling me when I pointed out that a certain piece of legislation was rather defective in drafting, 'What more could you expect us to do ' We were asked to produce a Bill at 48 hours' notice?'. That is the trouble under which they labour. I sympathise with them Therefore I make allowance for inartistic drafting. But matters of substance stand on a different footing. There should not be any incongruity, illogicality, or anomaly in the various provisions which crate difficulties for parties and for the courts also in interpreting them. With these remarks, I move the first amendment standing in my name. This is an amendment which is important. 3-30 p.m.

The clause in the Bill mentions that various details have to be given and filled in the form of chit agreement. The amount of discount which the prized subscriber at any instalment has to forego, has to be mentioned in the form of chit agreement. Now in the vast majority of cases the prized subscriber is determined not by drawing lot but either by auction or tender. This amount cannot be anticipated and put down in the chit agreement It is impossible. It can only be possible in cases where the prized subscriber is determined by lot. The definition of the chit itself contemplates the various forms in which a prized subscriber is determined. The definition clause says, " . . . . each subscriber in his turn as determined by lot or by auction or by tender or in such other

manner as may be provided for in the agreement, shall be entitled to a prize amount ". There are a variety of ways in which the prized subscriber can be determined. Now, ignoring all this, to put down in the chit agreement the amount of discount which the prized subsciber at any instalment has to forego will be a case of performing an impossible task. Therefore my amendment purports to add the word " where such subscriber is determined by drawing lot ". This is the only case as far as I can see where the chit agreement itself in advance can specify the amount of discount which the prized subscriber at any instalment has to forego. That can be determined and put down according to the agreement between the parties. In almost all other cases, it is impossible, and the impossible cannot be expected to be done. This, Sir, is the effect of my amendment.

I would appeal to the Mover of the Bill to give consideration to this aspect. Otherwise whoever conducts a chit will be confronted with an impossibility at the very threshold.

SRI MOHAMED RAZA KHAN : Sir, I did not like to mention, among the several amendments, the limit of 25 per cent to which reference has been made by Sri Balasubramanya Ayyar. The position is this. There are people who go on bidding sixty per cent and more on account of dire necessity. But there are others, also who by joining together go on bidding 60 per cent and more knowing well that a particular individual is really in need of money, with the result that a particular individual or party suffers. Even in the case of the present chits, they put a stop at twenty-five per cent. I wish, Sir, that the bid stops at twenty-five per cent. The Leader of the House may ask, ' What will happen if two or three people put the bid at twenty-five per cent? ' Then, a lot is drawn, and whoever gets the lot, is paid the chit amount.

SRI T. P SRINIVASAVARADAN : Sir, I want a clarification from the Hon Minister as regards the amount of discount which the prized subscriber at any instalment has to forego. The two previous speakers have ponted out what it should be. My hon. Friend Sri Raza Khan says 'Fix twenty-five per cent'. Sir, the chit is run to meet the needs of certain individuals. If we fix 25 per cent or any other higher figure, and if four or five individuals bid to that extent, the suggestion made is that the amount should be paid by drawing a lot. This means that persons outside the panel of four or five, and who have not put in their bid, will have no chance of taking the amount even if their needs be greater. What is to be done in such a case? This is a point which we have to bear in mind. A chit is always conducted to meet the needs of the subscribers. But I think that a limit will go against the principle of auction.

Another thing is this. Each subscriber has to enter into an agreement with the foreman. It may be different in the case of different men But certain things may be common. In this case, the amount of discount the prized subscriber at any instalment has

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to forego, has to be mentioned. Can it be 20 per cent in the case of one, 25 per cent in another, and 30 per cent in the third? Can it be like this? Is it possible to have this arrangement? It is an agreement between the subscriber and the foreman. It is not a form of agreement between all the subscribers put together and the foreman. I do not know whether it is contemplated like that These are the points I have raised. It should not shut out people who are in need of the amount by fixing a limit or per cent.

SRI M. SESHACHARIAR : Sir, in regard to the amendment of the hon. Member Sri Raza Khan, I wish to state only this. The whole thing is done for the purpose of seeing that the people do get some faith in the matter of chits. If a chit is to be conducted by any person, people will not have any faith in him till the chit is registered. Once it is registered, the by-laws have got to be registered. Till then nobody would subscribe to it. Otherwise there will be bogus chits and bogus transactions and there will be some sort of an auction and people will be asked to subscribe to those chits. To safeguard people against those chits, we have made a provision that the by-laws have to be registered. Then the second stage is that all the subscribers have got to enter into an agreement. The agreement is between the subscribers and the foreman. Therefore, all of them have got to subscribe. If all of them have to subscribe, the chit has got to be registered and published. Till then nobody would take the risk of paying any money or enter into any agreement. Therefore, it is necessary that these two stages have got to be gone through before the thing is done. Then the question of commencement of the chit arises, because the deposit has to be made. Therefore I say that the two stages should not be clubbed together at least to safeguard the interests of the people. As the hon. Member Sri Srinivasavaradan said, in regard to the discount, whoever has got the need for the money should be allowed to bid and take whatever amount is available after discount. The discount that is available will be divided between the subscribers and the foreman. The discount is available to the man who runs the chit to some extent also. It depends on the auction and the bids therein. I think this has got to be prescribed somewhere in the rules at least.

* THE HON. SRI R. VENKATARAMAN : Sir, in the first place, I want to make it very clear that Government are not averse to accept any amendment either out of any disinclination to go to the other House or for administrative convenience. If the amendments are of such a character as have to be accepted, Government will not hesitate to accept them. Instances have not been lacking in this House where a number of amendments have been accepted. Sir, this House is a revising Chamber. As a Revising Chamber, 3-40 p.m. unless the substance of the Act is likely to be affected, it may not very much care to amend the language or improve on it. Therefore, it is that in some cases where the elegance of language is improved, but nevertheless the substance is not changed, the Government have

not been eager to accept the amendment. But I wish to make it very clear to this House that Government will not hesitate to accept amendments provided they are necessary for bringing out the substance of the legislation.

The hon. Member Sri Patanjali Sastri commented on the hasty legislation that is now taking place in all the Legislatures, both Parliament and the State Legislatures. We are not living in the leisurely days of the eighteenth or nineteenth century. To-day life has become complex and regulation of various activities has become necessary in order to fulfil the obligations of a Welfare State. Therefore, we are now enacting legislation on fields which might not have been considered proper during the nineteenth century. But in the changed concept, namely, the political concept of the present century, in which the protection of the interests of the people has become necessary, not only the protection but the promotion of the welfare of the people has also become necessary, we have . . .

SRI M. PATANJALI SASTRI: Sir, my remark was as a sort of criticism upon the volume of legislation brought forward these days. I merely referred to it as a reason why the drafting in so many cases happened to be inartistic or defective. That is nothing peculiar, as my learned Friend says.

THE HON. SRI R. VENKATARAMAN: I was coming to the point. It becomes necessary now to legislate so much because the conditions are changing so rapidly. Therefore, we do not have as much time as we used to have in the past. To the extent to which it is necessary to bring forward legislation to meet the complex situations of the present day, we have to enact legislation in large numbers, and if in the course of enacting such legislation, certain lapses occur, certainly Government are sorry for it. But because certain mistakes occur owing to the pressure of work, we should not withhold legislation which is urgent and necessary. That is the explanation for the large number of Bills which we have to bring forward both in this House as well as in the other. I am only putting on record a right because a certain opinion has gone on record and I am putting the Government point of view which will also go on record, so that somebody who reads it may not get only one side of the picture presented by the hon. Member Sri Patanjali Sastri, but may get also the other picture. That is all my purpose. I am not prepared to refute any argument in this regard.

Coming to the clauses of the Bill, the amendments suggested by the hon. Member Sri Mohamed Raza Khan were found in the Bill as originally framed and as introduced in this House. All the processes were clubbed together in that Bill. But when it went to the Joint Select Committee, it was found that there were a number of practical difficulties in having that system. I shall briefly explain the difficulties. It is not as if members join together and start a chit fund. Ninety per cent of the chit funds are started by

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the foreman. First he comes forward to start a chit fund. Then he goes and collects a number of members, and then he starts the auction. These are the three stages in which the chit fund is organized. There have been instances in which people have put forward themselves as organizers of chit fund and foremen of chit fund and after the chit funds were organized or conducted, they have disappeared. Like the vanishing magician, we have vanishing foremen. Under the present scheme of the Bill, it is not possible. In the first place, the person concerned has to go and register the by-laws. Those by-laws will contain particulars of his residence, his address, his place of business, etc. Therefore, if, ofter collecting the subscriptions, he does not start the chit fund, it would be easy to trace him and take proceedings against him.

SRI MOHAMED RAZA KHAN: If he vanishes?

THE HON. SRI R. VENKATARAMAN: If he vanishes afterwards, we have got the name and address to pursue him. But if he vanishes without registration, then we cannot know who it is. That is why we said that there should be a first stage in which any person who wanted to conduct a chit fund must register his by-laws containing his name, address, and other particulars about him. They should also contain the terms and conditions on which he proposes to run the chit fund. Otherwise, he can go on changing the terms and conditions until the last day when he finally files the by-laws. In the proposed scheme, even before he induces and requests people to become members of a chit fund, he will have to say, "These are the conditions under which I am requesting you to become a member of the chit fund. Therefore, if you accept these by-laws, you become a member. If you do not accept the by-laws, you need not become a member." The chances of the foreman trying to cheat or otherwise mislead the prospective subscriber would be reduced under the scheme as we have framed. Having framed these by-laws and registered them, he is authorised under this law to go and invite subscriptions. He cannot invite subscriptions without registering the by-laws. That shows that the person who becomes a subscriber to the chit fund is given notice of the conditions under which he will become a member. The third stage is, after he has admitted a number of members by getting chit agreements, he has to furnish security. It is only after he has furnished the security and shown that he has complied with all the provisions that he can commence business. That is to prevent a foreman from starting a chit fund without furnishing security or complying with the formalities. The procedure now prescribed is more or less in consonance with the Company Law, where the company is first registered, where permission has got to be given for going to the public for subscriptions and after subscriptions are raised and all the formalities are complied with, a certificate of commencement is received. It is only to protect the interests of the subscriber that we have laid down this process. It may be a litle elaborate, but it is in the interests and for the protection of the subscriber.

The next point which was raised by the hon. Member Sri Patanjali Sastri is this. Under sub-clause (6) of clause 2, we have defined "discount" as meaning the sum or the quantity of grain, which a prized subscriber has under the terms of the chit agreement to forego and which is set apart under the said agreement to meet the expenses of running the chit or for distribution among the subscribers or for both. That is the amount which they will have to forego for the purpose of running the chit. Suppose there is no auction at all. The chit amount is taken by rotation or merely by lot. In that case also he will have to see that not more than 10 per cent is taken. That is number one. Then, suppose there is auction. As the hon. Member Sri Mohamed Raza Khan said, the person may bid at a discount up to 50, 60 or 70 per cent. In order to protect the interests of the subscriber, he says under the rules that no man shall bid at a discount of more than 25 per cent or 30 per cent as may be determined by an agreement *inter se* between the subscriber and the foreman. It is the foreman and the subscriber that have to provide for it themselves. The clause says, " Every chit agreement shall be in duplicate and shall be signed by the subscribers . . . and it shall contain the following particulars . . ." The particulars to be furnished are mentioned in the clause.

Another question was asked. Suppose two or three people want to bid at a discount of 25 per cent. Then the first bid will be accepted. That practice is well-known. There will be no difficulty even in regard to that. The procedure prescribed is to prevent the possibility of unconscionable bids taking place and to provide that between the foreman and the subscriber an agreement is reached that no bid shall be taken at less than a particular discount That is what we have provided for.

SRI M. PATANJALI SASTRI: What is stated in the clause is, " the amount of discount which the prized subscriber at any instalment has to forego ". Mention of the specific amount of discount has to be made. It does not refer to a mere percentage of the chit amount. The amount of discount, I say, cannot be ascertained beforehand at the time of the chit agreement. It is a varying amount. One may bid at a higher amount and another may bid at a lesser amount. The amount cannot be mentioned in the chit agreement beforehand. Therefore, I want to add, ' Where such subscriber is determined by drawing lot '.

THE HON. SRI R. VENKATARAMAN: I will give two illustrations. One is a chit in which there is no auction and in that case it will be provided in the agreement that ten per cent will be the discount The other is an auction chit in which it will be provided that not more than 25 per cent shall be the discount. I want to ask my esteemed Friend whether these will not be covered by clause 5 (6). In the second alternative which is an auction chit. the chit agreement provides that not more than 30 per cent shall

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be the amount of discount in the chit. Can it or cannot it not be provided for in the clause? It is my understanding and it is my advice that it can be provided for.

SRI T. P. SRINIVASAVARADAN : Suppose there are five or six subscribers?

THE HON. SRI R. VENKATARAMAN : No, no.

SRI S. K. SAMBANDHAN : Suppose five or six people shout simultaneously?

THE HON. SRI R. VENKATARAMAN : That is only a question of fact and there may be a suit and all that in a court.

MR. CHAIRMAN : I shall now put the amendments to vote.

SRI MOHAMED RAZA KHAN : Sir, you do not ask the Members whether they want to withdraw their amendments. (Laughter.)

MR. CHAIRMAN : Yes; does the hon. Member want to withdraw his amendment?

SRI MOHAMED RAZA KHAN : I do not press my amendment.

The amendment was, by leave, withdrawn.

MR. CHAIRMAN : There is an amendment moved by Sri Patanjali Sastri to clause 5.

SRI M. PATANJALI SASTRI : In view of the Hon. Minister's explanation which rather strains the language of the existing provision, I do not press my amendment. If that is what is meant to be conveyed by the provision, I request the House to permit me to withdraw the amendment.

The amendment was, by leave, withdrawn.

Clauses 3 to 7 were put and carried.

Clause 8 was put and carried.

Clause 9.

MR. CHAIRMAN : The motion is—

" That clause 9 do stand part of the Bill. "

SRI K. BALASUBRAMANYA AYYAR : Sir, I move—

" The existing clause 9 be renumbered as sub-clause (*a*) and after sub-clause (*a*) so renumbered, insert the following as new sub-clauses (*b*) and (*c*)—

'(*b*) When the chit agreement is altered, added to or cancelled with the consent in writing of the foreman and all the subscribers of the chit, the foreman shall furnish a copy of the chit agreement as altered, added to or cancelled to every subscriber before the date of the next drawing in accordance with the chit agreement as altered, added to or cancelled;

(*c*) The foreman shall within fifteen days after the drawing mentioned in sub-clause (*b*) file with the Registrar a certificate to the effect that he has complied with the provisions in sub-clause (*b*)'."

Clause 9 refers to . . . .

MR. CHAIRMAN : Let it be seconded.

SRI K. M. RAMASWAMI GOUNDER : I second the amendment.

SRI K. BALASUBRAMANYA AYYAR : One of the advantages of a few people joining the Opposition is this. Our amendments will always have a seconder. (Laughter.)

THE HON. SRI R. VENKATARAMAN : Even the form has to be kept up.

SRI K. BALASUBRAMANYA AYYAR : I agree. But I am telling the Chairman that he may expect that the amendment will be seconded. Sir, coming to the amendment, I want that the same provision as applies to clause 8 should apply here also. That is the substance of my amendment. The foreman must furnish a copy of the agreement to the subscribers as altered, added to or cancelled, whenever such alteration or addition or cancellation takes place. This is a cautious provision I have suggested for regulation of chits and, therefore, a copy of the by-laws of the new chit which is cancelled or added to or altered should be furnished to the subscriber within a certain time before the next drawing. A certifiacate to the effect that he has done so should be furnished by the foreman to the Registrar. There may be a defaulter; there may be a transfer in the middle. Therefore, the provision contained in clause 8 should apply to such cases also.

THE HON. SRI R. VENKATARAMAN : Mr. Chairman, if it is a case of substitution of another subscriber, there are provisions in the Bill covering such cases. Only if it is a case in which there is cancellation, some provision will have to be made. We have provided that if a chit is concluded, then in that case, notice has to be given and the deposit has to be adjusted. Therefore, both ideas will be covered and it may not be necessary separately to provide for what should be done. However, we will examine it and see whether it can be provided for in the rules.

SRI K. BALASUBRAMANYA AYYAR : In view of what the Hon. Minister has said, I withdraw my amendment.

The amendment was, by leave, withdrawn.

Clause 9 was put and carried.

Clauses 10 and 11 were put and carried.

Clause 12.

MR. CHAIRMAN : The motion is—

"That clause 12 do stand part of the Bill."

SRI M. PATANJALI SASTRI : Sir, I move—

"*For* the existing sub-clause (1), *substitute* the following :—

'(1) For the proper conduct of the chit, every foreman shall, before applying for certificate of commencement under section 7, furnish sufficient security to the satisfaction of the Registrar for the realisaton of the chit amount'."

SRI K. BALASUBRAMANYA AYYAR : I second the amendment.

* SRI M. PATANJALI SASTRI : Sir, sub-clause (a) of clause 12 provides that property security sufficient to the satisfaction of the Registrar for the realisation of the chit amount should be furnished. That is, full amount of the chit. Then it goes on to say that the foreman should deposit in any approved bank an amount of cash not less than half of the chit amount and similarly if another favoured form of security, viz., Government securities, is given, he need only give a security to the extent of half of the chit amount. Further procedure is provided for dealing with the cases that arise. I submit this is anomalous, if not incongruous because in the first place, securities are provided for safeguarding the interests of the subscribers. Numerous cases have come before courts where the foreman was able to defraud the subscribers without paying the amount of chit and the subscribers had to whistle for their money. The Bill provides for security for the purposes of safeguarding the interests of the subscribers and. therefore, the security should cover the full amount of the chit. I cannot understand why the foreman is given the option for his benefit to deposit cash to the extent of fifty per cent of the chit amount: similarly in the case of Government securities also, the deposit covers only half of the chit amount. It it is intended to protect the interests of the subscribers, it must in all cases be equal to the chit amount and not in the case of property alone. Again, the foreman is not compelled to make a deposit in cash or to transfer Government securities to the Registrar; if he so chooses, he can do so. These are merely options provided for the benefit of the foreman and if he chooses to exercise one or other of the options why should suddenly the subscribers interest be affected to the extent of 50 per cent of the chit amount? This is anomolous, illogical and irrational and therefore I submit this is not correct. No doubt when you say that sufficient security should be given, the foreman will have sufficient option either to deposit cash or give Government securities or property by way of security. There is nothing to prevent him to choose one form or other of the security. There are various varieties, for instance shares of limited liability companies with blank transfer—that is not specifically provided for —and if the foreman has got equity shares he can transfer them to the Registrar and they could be realised by the Registrar in case of need. But these two particular forms of securities are picked up and the foreman is given the option to reduce the security by 50 per cent of the prospective liability. Therefore I submit there is no reason behind this substantial reduction of security intended for the subscriber. The amendment which I have moved will if accepted simplify the whole thing. My amendment says: 'For the proper conduct of the chit, every foreman shall, before applying for certificate of commencement under section 7, furnish sufficient security to the satisfaction of the Registrar for the realisation of the chit amount'. That is all. That is simple, easily intelligible and fully protects the interests of the subscribers.

4-00 p.m.

In fact, Sir, I was surprised at my hon. Friend Sri Raza Khan's amendment seeking to still further reduce the security to 25 per cent. Generally my hon. Friend is supposed to stand for the under-dog. But here he is standing for the top-dog, the foremen.

Sri MOHAMED RAZA KHAN : To-day I am in a different mood.

Sri M. PATANJALI SASTRI : I do not know that my hon. Friend is a man of moods. Anyhow, I submit, Sir, this provision will substantially deprive the subscribers of the safeguard which really the provision of the Bill is intended to secure. Therefore I submit that the simple formula suggested by me may be accepted by the Hon. the Mover of the Bill.

In this connection, I wish to refer to the provision in clause 23 of the Bill 'and if the foreman is the prized subscriber, he shall give security for the due payment of future subscriptions to the satisfaction of the Registrar'. Apparently the Government have forgotten or overlooked this provision in the Bill. I do not think the hon. Member Sri Raza Khan would like to reduce this also to 25 per cent. 'Security to the satisfaction of the Registrar' is the formula that the Bill adopts in another place. If he happens to be a prized subscriber then he has to furnish security to the satisfaction of the Registrar. This is a simple formula easily executed. In fact in numerous cases the High Court directs taking of security. And the lower courts whatever form of security is furnished, adopts the appropriate procedure relative to that form of security and go through them. Therefore it need not be specifically prescribed in the Bill itself that the security of not less than half of the chit amount if it is cash should be deposited in the bank or if Government securities they should be not less than half of the chit amount. This is absolutely unnecessary. The formula suggested by me, namely, sufficient security to the satisfaction of the Registrar for the realisation of the chit amount is inelligible and simple. That is the usual formula adopted everywhere without any kind of difficulty. Therefore I commend my amendment to the Hon. the Mover of the Bill.

Sri K. BALASUBRAMANYA AYYAR : I move—

" In items (i) and (ii) to sub-claus (1) (*b*), *for* the words " not less than half of ' *substitute* the words ' equal to '."

The amendment was duly seconded.

Sri. K. BALASUBRAMANYA AYYAR : Mr. Chairman, Sir, in supporting the amendment moved by the hon. Member Sri Patanjali Sastri, I must say that my amendment is not against the amendment moved by him. The point made out by the hon. Member is that no distinction should be drawn between the different securities, cash, promissory notes or immovable or movable property and so on. The security should be equal to the amount of the chit. That is all. Therefore without altering the whole section, I have

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given an amendment saying that for the words ' not less than half of ', substitute the words ' equal to '. If the security is in cash or in Government securities it should be equal to the chit amount. This is a matter of substance. I know a number of cases where the foremen have vanished and nobody knows what security was given by them. That is the real trouble, in the case of these chit funds. If there is a cash security given in an approved bank the foreman suffers nothing because the bank pays him interest. That is why I also think that some such provision should also be there so that he can put it in some approved bank, approved bank meaning approved by the Government. It will be good for all. I do not know why it should be limited to half if the security is in Government securities. That is a dangerous thing really because nobody knows what these Government securties are worth. The value of these securities are changing and now especially it is a very great difficulty. As a matter of fact 1946 Government securities are valued at Rs. 71 now.

SRI M. SUBBIAH CHETTIAR : What is meant by approved banks?

SRI K. BALASUBRAMANYA AYYAR : Scheduled or non-scheduled banks recognised by the Government.

SRI M. SUBBIAH CHETTIAR : For non-scheduled banks there is no guarantee?

SRI K. BALASUBRAMANYA AYYAR : That is a different matter into which we need not now go into. The point before the House is whether the security in cash or Government security should be equal to the chit amount or half of it. If the general amendment of the hon. Member Sri Patanjali Sastri is accepted I do not want to press my amendment. But I fear it may not be accepted and therefore it is that I request that at least my amendment may be accepted. The security offered should be equal to the chit amount.

SRI MOHAMED RAZA KHAN : Sir, I move—

"In items (i) and (ii), to sub-clause (1) (*b*), *for* the words not less than half of the chit amount', *substitute* the words ' not less than twenty-five per cent of the chit amount '."

The amendment was duly seconded.

SRI MOHAMED RAZA KHAN : Mr. Chairman, Sir, my amendment says :

"In items (i) and (ii), to sub-clause (1) (*b*), *for* the words not less than half of the chit amount', *substitute* the words ' not less than twenty-five per cent of the chit amount '."

The three amendments before the House are fundamentally different. I am thankful for the compliments paid by me very respectable and hon. Friend Sri Patanjali Sastri that I was always for the under-dog. But to-day I am sorry to say I

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am in a different position. But I may say my position to-day is stronger than what it was all the time. I am taking now a realistic attitude. Even my Hon. Friend the Hon. the Leader of the House may not be in touch with these realities of the situation, and what is happening in the State. I may say I have never contributed to a chit in my life but all the same I know chits are formed for more than one reason. The chits originally were not organized with a profit motive but in order to tide over immediate financial difficulties of individuals. As I said during the first reading of the Bill whatever legislation we might pass here, our experience in the practical enforcement of it is quite different. In every street and in every house in the City these chits are organized. It is the same in the villages also and hon. Members coming from the mofussil must know much better about the conditions there. The main purpose of a chit is to meet the immediate and sudden financial needs of persons. A person may want Rs. 500 for a marrage or for some other purpose or ceremony which unfortunately are too many in our country. Or a person may require
4.10 p.m. it for the purpose of starting some business, a small business It is these considerations that drive people to join the chit funds of the kind which we are trying to legislate. Now the other consideration that has come into this business is this. Because the person takes the trouble of going about and collecting money from subscribers month after month with the possibility of one or two subscribers defaulting—as was rightly pointed out by the Hon. the Leader of the House though he is not always right in all he says—these organizers of chits naturally want to have a premium of 4 to 5 per cent. If I understand the Hon. the Leader of the House, the hon. Member Sri Patanjali Sastri and the hon. Deputy Leader of the Opposition aright, they seem to visualise that if this Bill were to come into force it will drive away these thousands and thousands of small people from this business particularly in view of the fact that in a subsequent clause a limit of Rs. 100 is imposed for exemption from this legislation. It will not be so. And when small people join the small chit funds for the purpose of getting some money for urgent needs, how do the Government expect them to deposit security in cash. And my respected and hon. Friend Sri Patanjali Sastri wants that the security should be equal to the chit amount and to the satisfaction of the Registrar. With due respect to him I should say that by doing it, we would be throwing greater burden and responsibilities on the Registrar. Charges may be brought against him that he is showing discrimination between the foremen. These are things that are likely to crop up. The hon. Members who spoke just before me seem to visualise that only big firms or big banks will exist after the passing of the law, such as the one which has advertised in today's papers running the business in hundred of places. If that should be the case then they may be right in insisting on their furnishing security equal to the amount of the chit, because they may have capital or the means to comply with such a provision. But if Government should feel as I feel that in spite of this Bill there are bound to be small people

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running this business for their benefit as well as the benefit of the small subscribers, they cannot comply with this provision. As I said the other day, if the Hon. Minister would go to any of the industrial concerns on the pay day he will find these small organizers of chits going about collecting the subscriptions from the employees. If the Government say, let these people violate the Legislation and run those chits I have nothing to say. But if the Government want to enforce the legislation, I say they should take a practical view of the thing. I say it will be difficult for these people to organize the chits after depositing equal amount of the chit as security deposit, or even 50 per cent as suggested by the Government in the Bill. Therefore I thought that 25 per cent would be sufficient security for the proper running of the chits. With due respect to my respected and hon. Friend Sri Patanjali Sastri I may say I am not trying to support one man against another by proposing this amendment. I am only taking a practical view of the thing. I leave it to the decision of the Hon. the Leader of the House whether it should be 25 per cent or 50 per cent or even equal to the chit amount.

MR. CHAIRMAN : There is another amendment in the name of the hon. Member Sri M. Patanjali Sastri. He may move it and get it seconded also.

SRI M. PATANJALI SASTRI : Sir, it is only a consequential amendment depending upon the acceptance of the first amendment that I have moved. If the first is accepted then only this has to be moved. If the clause does not either refer to cash security or Government security then, the words sought to be removed by my second amendment will be really meaningless and therefore I say that they should be deleted. It is only a consequential amendment.

Sir, I would like to say a word with reference to what the hon. Member Sri Raza Kan said. He seems to think that foremen are being asked to give cash security which would be difficult for them and therefore he has suggested that 25 per cent of the chit amount would do as security. This he thinks is a sort of reduction in their favour. Even as it is the provision which if my hon. Friend would scrutinise carefully provides only for an option. The foreman has the option to give cash security or government securities. It is not as if any foreman is compelled to give cash security in which case it may be said it would be difficult for them to find the cash to the extent of the full chit amount. He can always give property security if he cannot give cash security. If he cannot give property security to the full amount of the chit then he has no business to come forward to run a chit. Therefore there is no question of the foreman being favoured by being asked to give a smaller security as if he is compelled to pay cash security or government securities. That is not the case. This is more an option given to to him. Therefore there is no point, I would submit, in prescribing the specific forms also. Let the Government say that the foreman should furnish security to the satisfaction of the Registrar

and such security should be sufficient to cover the realisation of the entire chit amount. Then he can be given the option either to find cash, Government security, or equity shares or property and so on. Therefore the formula which I have suggested is simpler, easily intelligible and easily enforcible also.

SRI T. P. SRINIVASAVARADAN : Sir, the Hon. the Leader of the House has drawn me into the controversy. I was a Member of the Joint Select Committee. We heard a number of witnesses. I would request the hon. Members to go through the Bill. The main purpose of the Bill is to safeguard the interests of the subscribers and at the same time to enable the foreman to run the business smoothly. It is a well known fact that there are a number of chits being run now and this will help all to a very great extent. In framing the legislation we should see that it does not cripple these poor people. If hon. Members will go through the other clauses of the Bill they will find that the subscribers are helped to a very great extent. The foreman cannot commence his business unless he has complied with the provisions of this Act. Some are under the impression that a foreman takes the first instalment of subscriptions and deposits that amount as a security. It is not so. He must first deposit the amount equal to half the value of the chit amount. First he must find money for that. Let me not be misunderstood as defending the Government. I am only referring to the facts that were placed before the Joint Select Committee. I was also in favour of the foreman depositing the full amount of the chit as security in the beginning. It was represented to us that such a provsion would cripple the whole business and so none would come forward to start chits. (An hon. Member : Was it the foreman or the subscribers who put forward that plea). The foremen said so and they were all in the business. They said it would be difficult for them if the Government were to insist upon the full amount being deposited as security. That was the main reason that led the Government to frame this clause like this. The foremen have to get the by-laws registered first and then they must enter into the form of agreement with the subscribers. The Registrar should approve it and then they should deposit 50 per cent of the amount as security and then they should get a certificate of commencement. Then only the foremen can start the business. All these considerations weighed with us and therefore we said that so far as cash and Government securities were concerned 50 per cent of the value of the chit would be sufficient as security. It is not fair to ask the foremen to deposit the full amount of the chit as security assuming that they are all swindlers. There must be safeguards. But the real difficulty is not in the case of those who conduct small chits but in the case of people who run chits for the value of Rs. 2,000 Rs. 5,000 or Rs. 10,000. In the case of these big people there is no necessity at all to insist on their furnishing security equal to the chit amount. These are the considerations which weighed with us in fixing cash or govenment security to the

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extent of 50 per cent of the chit amount. I do not know whether the hon. Member Sri Patanjali Sastri would agree if they are permitted to furnish immovable property as security to the extent of 50 per cent of the chit amount.

SRI M. SUBBIAH CHETTIAR : Sir, chits have become an essential part of the life of the community for small savings. I would suggest one thing. Security is most essential for running chits, because in chits, more especially in chits of small amounts, people are losing money heavily. Where the amount is more than Rs. 100, there should be reasonable security offered. Security should be in the form of property or national saving certificates. There should be a clause in the Bill regarding this. The security should be for not less than fifty per cent of the amount (Sri T. P. Srinivasavaradan : That is in the clause itself). It must be in the form of property or national savings certificates. 4-20 p.m.

SRI M. PATANJALI SASTRI : What about the subscribers? Are their interests to be protected only to the extent of fifty per cent? Still, is it called security?

THE HON. SRI R. VENKATARAMAN : Sir, the debate in this House has brought out the wide divergence of opinion that exists not only in the legislature but also in the country in respect of this clause. (Sri Mohamed Raza Khan : We do not take advantage of that). The original clause as proposed by the Government provided that if property security was given, twice the amount should be furnished, and if cash security was furnished a sum equal to the chit amount should be given. Because, if we try to convert property security into cash, there may be some shortfall, and therefore we provided for twice the amount in the case of property security. Sir, in democracy we go by public opinion as represented to us in the Select Committee as well as in the House. During the Select Committee stage, a number of members felt that the amount of security insisted upon, where no security existed previously, would cause very serious hardship to the foremen who run the business and to that extent, there might be a shrinkage of credit. It is not to give any facility to the foreman that Government accepted the reduced security. So far as cash security was concerned, it is because Government thought that there was an element of substance in the criticism that there might be a shrinkage of credit on account of the enforcement of the provisions as framed in the original Bill, they gave certain latitude where cash security was given. That is why we had to put in a cumbrous procedure by saying that in the case of property security, it must be equal to the chit amount and in the case of cash security, it might be half the amount, and so on. Therefore, this is really a compromise. There was another view also held in the Select Committee. That is, it should be twenty per cent and twenty-five per cent. It was also insisted that the security by the foreman should not be more than ten per cent at all. So it was very

difficult to arrive at a compromise which was acceptable to all shades of opinion. Fifty per cent cash security represents a compromise of the different points of view

Then, Sir, so far as security is concerned, besides this fifty per cent cash security, there is the security of the future subscriptions payable by the other subscribers. That is why we thought that the subscriber might not be very much left without a remedy if only fifty per cent was accepted in cash. There are two securities, namely, (1) cash security and (2) future subscriptions payable by the prized subscriber which, if collected, might make up for the balance that might be due to the non-prized subscribers. Therefore I would request the House to accept it not as a thing good in principle but as the most acceptable compromise of the different shades of opinion held.

MR. CHAIRMAN : Is the hon. Member Sri M. Patanjali Sastri withdrawing his amendment?

SRI M. PATANJALI SASTRI : I am pressing my amendment, Sir.

MR. CHAIRMAN : The question is—

" *For* the existing sub-clause (1), *substitute* the following :—

' (1) For the proper conduct of the chit, every foreman shall, before applying for certificate of commencement under section 7, furnish sufficient security to the satisfaction of the Registrar for the realisation of the chit amount '."

The amendment was put and declared lost.

Sri K. Balasubramanya Ayyar demanded a poll and the House divided thus :

Ayes.

Sri K. Balasubramanya Ayyar.
,, M. Patanjali Sastri.
,, G. Krishnamoorthy.

Noes.

The Hon. Sri R. Venkataraman.
Sri V. K. Palaniswamy Gounder.
,, V. S. Balasundaram.
,, M. Seshachariar.
,, N. Nallasenapathi Sarkarai Manradiar
Srimathi Saraswathi Pandurangam.
,, S. Manjubhashini.
Sri A. Gajapathy Nayagar.
,, M. V. Sudarsanam Naidu.
,, K. T. Kosalram.
Vidwan T. Muthukannappan.

Noes—cont.

Dr. T. V. Sivanandam

Sri T. V. Devaraja Mudaliar

,, K. V. Ramaswamy.

,, A. J. Arunachalam.

,, T. S. Sankaranarayana Pillai.

,, N. Annamalai Pillai.

Srimathi Mary C. Clubwala Jadhav.

Sri T. P. Srinivasavaradan

,, K. Kamalakannan.

,, Abdul Hameed Khan.

,, V. M. Surendraram.

,, P. B. K. Thiagaraja Reddiar

,, P. Madurai Pillai.

,, I. A. Chidambaram Pillai.

,, A. Subramanyam.

,, S. P. Sivasubramanya Nadar.

,, M. Subbiah Chettiar.

,, K. M. Ramaswami Gounder.

Neutral.

Sri Mohamed Raza Khan.

,, A. K. Thangavel Mudaliar.

Ayes—3; Noes—29; Neutral—2.

The amendment was lost.

MR. CHAIRMAN : I shall now put to vote the amendment of the hon. Member Sri Mohamed Raza Khan. The question is— 4-30 p.m.

" In tems (i) and (ii), to sub-clause (1) (*b*), *for* the words ' not less than half of the chit amount ', *substitute* the words ' not less than twenty-five per cent of the chit amount '."

The amendment was put and lost.

MR. CHAIRMAN : The second amendment of the hon. Member Sri Patanjali Sastri does not arise as it is consequential. I shall put to vote the amendment of the hon. Member Sri Balasubramanya Ayyar. The question is—

" In tems (i) and (ii) to sub-clause (1) (*b*), *for* the words ' not less than half of ' *substitute* the words ' equal to '."

The amendment was put and lost.

Clause 12 was put and carried.

Clause 13 was put and carried.

Clause 14.

MR. CHAIRMAN : The motion is—

' That clause 14 do stand part of the Bill.'

* SRI M. PATANJALI SASTRI : Sir, I move—

" In sub-clause (4), *add* the following at the end after the words and figures ' section 13 ' :—

' and what is allowed under the chit agreement to meet the expenses of running the chit'."

Clause 14, sub-clause (4), says—

" The foreman shall not appropriate for himself any amount in excess of what he is entitled to under clauses (*a*) and (*b*) of section 13."

Clauses (*a*) and (*b*) of section 13 say—

" (*a*) in the absence of any provision in the chit agreement to the contrary, to obtain the chit amount at the instalment specified in the chit agreement;

(*b*) to such commission or remuneration not exceeding five per cent of the chit amount as may be fixed in the chit agreement;". But suppose the foreman incurs expenses which are also contemplated in the definition of " discount " in sub-clause (6) of clause 2. It is defined as meaning the sum or the quantity of grain, which a prized subscriber has under the terms of the chit agreement to forego and which is set apart under the said agreement to meet the expenses of running the chit. . . . Though there is no substantive provision to allow him to appropriate the expenses, the definition seems to contemplate that in some instances they will have to be met. That is obvious because he has to pay the fee for the registration and he has to incur so many other expenses. But sub-clause (4) of clause 14 prohibits him from appropriating any amount except what is mentioned in sub-clauses (*a*) and (*b*) of clause 13. I am moving an amendment in favour of the foreman this time. Therefore, it will be in consonance with the mood of the House. Now, what about the expenses? Should he not take the expenses which he has to meet? Therefore, my amendment suggests that the prohibition contemplated in sub-clause (4) of clause 14 should include the expenses also. I support the Hon. Minister has no objection to this, unless the foreman is expected to meet the expenses out of his own pocket.

SRI K. BALASUBRAMANYA AYYAR : I second the amendment, Sir. The rights of the foreman are mentioned in clause 13. There is no reference to " expenses " in that clause. But the definition of " discount " includes the amount set apart under the chit agreement to meet the expenses of running the chit. Sub-clause (4) of clause 14 does not contemplate these " expenses ".

SRI T. P. SRINIVASAVARADAN : But it refers to " remuneration ".

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SRI K. BALASUBRAMANYA AYYAR : " Remuneration " can never refer to the expenses. Remuneration refers to payment for duty as a foreman. Therefore, it does not include the " expenses ".

THE HON. SRI R. VENKATARAMAN : Sir, the foreman gets ordinarily the first draw. That means that he gets the whole chit amount. For instance, if it is a chit for Rs. 1,000, and there are one hundred subscribers the amount of subscription being Rs. 10 each, the foreman gets the first draw and for the whole period he gets it and interest thereon. Therefore, it is not as though he merely starts a chit fund for any charity. He gets the first draw and the interest accruing thereon till the end of the chit period. The second benefit that he gets is that while others have to bid at an auction and get the amount reduced, he gets the whole amount. That is another form of remuneration. The third remuneration is the amount not exceeding five per cent of the chit amount as may be fixed in the chit agreement. The fourth revenue that he will get is, when the prized subscribers deposit the moneys in banks when called upon to do so in certain circumstances, the interest thereon. All these are enough to cover the expenses.

SRI M. PATANJALI SASTRI : The definition of " discount " refers to expenses. That has got to be amended.

THE HON. SRI R. VENKATARAMAN : I am only half-way through my explanation. Therefore, the foreman is in no way handicapped or prejudiced by this clause.

Then, reference was made to the definition of " discount ". That was made to cover cases of chits wherein auction took place. In clause 5 we have provided that the chit agreement shall contain the particulars as to the amount of discount which the prized subscriber at any instalment has to forego. In cases where there is no auction and where there is no further remuneration, the foreman would provide in the chit agreement the discount prized subscrber has to forgo. When he forgoes, it goes to the foreman. In cases where there is aucton, we provide for two types of cases. Therefore, the sub-clause creates little confusion. One type of case where there is auction.

Another type of case is the one in which there is no auction. In case, there is auction, the amount that the foreman gets is enough to cover the expenses. In the other case in which he does not have auction, then he can provide in his chit agreement the amount of discount and the discount includes expenses. I do not think any serious harm is done to the foreman by saying that the expenses should be covered by the commission and other remuneration that he gets. 4-40 p.m.

SRI M. PATANJALI SASTRI : I hesitate to say whether I withdraw. All this explanation of the Hon. Minister is involved and it is very difficult for a person who reads this provision to find out the nature and the meaning of the provision. I do not know when disputes go before courts, whether they will allow the same latitude in explaining the section. Certainly the courts will not

have the benefit of the explanation of the Leader of the House when cases come up. It is safe, therefore, to make it very clear by a suitable set of words instead of allowing it to remain in this devious form and explaining away a thing which *prima facie* seems to import the contrary. In any case, in view of the involved explanation of the Hon. Leader of the House (laughter), I withdraw my amendment.

The amendment was, by leave, withrawn.

Clause 14 was put and carried.

Clauses 15 to 19 were put and carried.

Clause 20.

MR. CHAIRMAN: The motion is—

" That clause 20 do stand part of the Bill ".

SRI K. BALASUBRAMANYA AYYAR: Sir, I move—

" (1) In sub-clouse (1), in line 4, after the words ' list of subscribers ', *insert* the words ' after notice to him ';

(2) In sub-clause (1), *omit* the following words: ' A written notice of such removal shall be given by the foreman to the defaulting subscriber within fourteen days of such removal ';

(3) In sub-clause (1), *add* the following proviso at the end: ' Provided that when the non-prized subscriber pays his subscription immediately after the receipt of the notice, his name shall not be removed from the list of subscribers'."

The amendment was duly seconded.

SRI K. BALASUBRAMANYA AYYAR: Sir, this amendment raises a point which was also mentioned by the hon. Gentleman, Mr. Seshachariar. When a non-prized subscriber defaults in paying the subscription in accordance with the terms of the chit agreement, then he shall be liable to have his name removed from the list of subscribers. Here by my amendment I want to give him a slight latitude as it were. The removal should be after giving notice to him. I cannot understand notice being given after removal. It should be before. I want also to add a proviso to the effect that if the subscriber pays his subscription after receipt of notice, his name should not be removed. Immediately after receipt of the notice, if he pays the subscription, his name need not be removed. It is true that a copy of the removal order will be filed before the Registrar and the defaulting subscriber has also got a remedy of appealing to the Registrar against that order. The defaulter may say: ' I was ill and I could not pay; somebody was dead and I could not pay '. The Registrar may thereupon pass such orders as he thinks fit and his decision shall be final. Of course, substitution must wait until the appeal is disposed of. On the other hand, I will give a little benefit to the subscriber. Suppose immediately on receipt of the notice he pays.

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SRI ABDUL HAMEED KHAN : What is ' immediately '?

SRI K. BALASUBRAMANYA AYYAR : It will be a matter for construction by the Registrar. If the benefit is given to the subscriber, it will be a better way of treating him. Somebody on account of some mistake might remove the name from the list and the subscriber has to suffer. This removing of name is a serious matter. Hon. Members were once students and they know what removal of names from rolls means. My friend, Mr. Hameed Khan must know it. (Sri M. Seshachariar : Some grace time can be allowed.) The appeal may take a month or two to be disposed of and the subscriber has to wait till then.

SRI A. GAJAPATHY NAYAGAR : Is not removal automatic?

SRI K. BALASUBRAMANYA AYYAR : No, it is no automatic.

SRI T. P. SRINIVASAVARADAN : I certainly appreciate the point raised by Mr. Balasubramanya Ayyar that the subscriber's name should not be removed without notice. May I draw his attention to clause 5 which refers to the form of agreement which should contain particulars such as time and place at which the chit is to be drawn, etc.? Does it not cover the case mentioned by Mr. Balasubramanya Ayyar?

THE HON. SRI R. VENKATARAMAN : That is different.

SRI T. P. SRINIVASAVARADAN : It was pointed out to us that if we did not immediately remove . . .

SRI K. BALASUBRAMANYA AYYAR : What will you do when his name is substituted by the Registrar?

SRI T. P. SRINIVASAVARADAN : Only in order to ensure that they are regular that this provision is made. But arbitrary removal should not be made. If the Hon. Leader of the House thinks it is necessary, he can accept the amendment. It will give me greater pleasure.

THE HON. SRI R. VENKATARAMAN : Mr. Chairman, if we knew something of the way in which the chits are conducted, it would help us to understand this problem better. In the chit agreement, it is provided that every member shall pay his subscription regularly. It is also provided that if it is not paid regularly on the appointed date, the subscriber's name shall be removed. Therefore, that contract between the parties will prevail. What we have provided for in law is an appeal to show cause against such removal. What the subscriber has agreed . . .

SRI K. BALASUBRAMANYA AYYAR : That is not in the chit agreement.

THE HON. SRI R. VENKATARAMAN : It is.

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SRI K. BALASUBRAMANYA AYYAR : Even removal?

THE HON. SRI R. VENKATARAMAN : Yes. We would not have many of the difficulties if we knew the way in which chits are conducted. The time by which an instalment is to be paid and the condition that if it is not paid the name will be removed are all mentioned in the agreement.

SRI K. BALASUBRAMANYA AYYAR : What I suggest can also be in the agreement.

THE HON. SRI R. VENKATARAMAN : If in each case, a person has to be given notice before removal, even the sanctity of the undertaking that he will pay the instalments regularly will not be there. Therefore, we have provided for this in the Bill, because protection of the other subscribers is equally the function of the Legislature. If one subscriber defaults, and then two or three more subscribers default, then it is not the interest of the foreman
4-50 p.m. that is jeopardised. It is actually the interest of the other subscribers that is jeopardised. Therefore it is provided in all chit agreements that the person shall regularly pay, and if he does not pay his amount, he will be removed. To protect him against any unfair treatment by the foreman, we have provided for an appeal, and until the appeal is disposed of, no other person can be substituted. I trust that this explanation will be acceptable to the House.

The amendment was, by leave, withdrawn.

Clause 20 was put and carried.

Clause 21.

MR. CHAIRMAN : The motion is—

' That clause 21 do stand part of the Bill '.

* SRI M. PATANJALI SASTRI : Sir, I move—

" In the proviso to sub-clause (1), *add* the following at the end after the words ' disposed of ' :—

' and unless the arrears of subscription are paid by such person '."

The clause says 'The foreman may substitute in the list of subscribers any person in the place of a defaulting subscriber whose name has been removed from such list under sub-section (1) of section 20 '. In the proviso it is stated that no such substitution shall be made, where an appeal has been preferred, until the same has been disposed of. I wish to add the words, ' and unless the arrears of subscription are paid by such person'. That is to say, the arrears of subscription due by the defaulting subscriber should also be paid by the person who is sought to be substituted, as a condition precedent to his substitution. The Registrar will insist that unless the arrears are also paid, he will not be substituted.

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No doubt, sub-clause (3) contemplates that all arrears of subscription should be realised from the substituted subscriber less any amount advanced by the foreman. The sub-clause says—

'All arrears of subscriptions realized from the substituted subscriber, less any amount advanced by the foreman, shall, before the date of the next succeeding instalment, be deposited . . .'

This contemplates that obviously the substituted subscriber may not pay the arrears of the defaulting subscriber. All that is stipulated by my amendment is that he should be made to pay the arrears of subscription due by the defaulting subscriber also, as a condition precedent to his being substituted. There are two conditions already. No such substitution shall be made until the expiry of the period allowed for appeal. If he prefers an appeal, until the appeal is disposed of, he cannot be substituted. According to the amendment, unless the arrears of the subscription due by the defaulting subscriber are also paid by the substituted subscriber, he cannot be substituted. I am here reminded of a Tamil saying, தும்பை விட்டு வாலைப் பிடிப்பது. A person is sought to be substituted in the place of a defaulting subscriber, and then proceedings are taken against him for recovery of arrears. This is an undesirable procedure. Before a subscriber goes on the register of the Registrar as a substitute in the place of the defaulting subscriber, the arrears due by the defaulting subscriber should be realised. I think, Sir, this should be added as one of the conditions precedent to a person being made a substitute subscriber in the place of the defaulting subcriber. Sub-clause (3) merely contemplates the arrears being recovered from him. There is no insistence that the arrears should be paid before the subsititution is actually effected.

SRI K. BALASUBRAMANYA AYYAR: Sir, I second the amendment. In very many cases this is the procedure. Even for an appeal to be filed, the payment of the tax in question is a condition precedent. In the case of income-tax, the whole amount should be paid before an appeal is filed. In fact it is stated in income-tax matters that the whole amount of the tax should be paid before an appeal is put in. We here say that before substitution the amount should be paid. This is a very reasonable amendment. Probably the Registrar will so order, but it is better that the statute itself contains a provision in this regard.

THE HON. SRI R. VENKATARAMAN: Mr. Chairman, Sir, the terms under which a subscriber is substituted is often a matter of agreement between the foreman and the subscriber. He would either say that the money should be paid immediately or paid after his substitution. All that is done in sub-clause (3) is to see that, when such arrears are paid, they are deposited in a bank. The insistence on the deposit in sub-clause (3) is for the purpose of seeing that the amount recovered by the foreman is not spent away by him. So far as substitution is concerned, it is a matter of agreement between the foreman and the subscriber. Certainly he would not substitute a person unless he pays the arrears. It may, of

course, be a better way of saying that he must pay the arrears. But it does not in any way affect the statute, because in the first place the Registrar will substitute the person and prescribe conditions. It is an agreement between the foreman and the subscriber, before he is substituted. Therefore, it is not necessary, though it may perhaps be strictly conforming to the statute to have that sort of provision. I do not think the clause suffers from any lacuna, because of the lack of such a provision.

* SRI M. PATANJALI SASTRI : At every stage, the Mover of the Bill seems to be invoking the provisions of an agreement whose provisions none of us knows. No doubt it is possible for the agreement to provide for this, but I think there should be a provision in the statute itself that unless arrears are paid, no substitution should be effected. If the Hon. Mover of the Bill does not see the desirability of having such a provision, I do not press my amendment.

The amendment was, by leave, withdrawn.

Clause 21 was put and carried.

Clause 22.

MR. CHAIRMAN : The motion is—

' That clause 22 do stand part of the Bill '.

SRI K. BALASUBRAMANYA AYYAR : Sir, in line 5 of the clause, the word ' the ' is omitted before the word ' foreman '. I suppose that it is a printing mistake.

MR. CHAIRMAN : There is the amendment of Sri M. Patanjali Sastri. Let him move his amendment.

SRI M. PATANJALI SASTRI : Sir, I move—

" In line 4, after the words ' his contributions ' and before the words ' subject to ', *insert* the following :—

' together with the arrears of subscription realised from the substituted subscriber'."

The amendment was duly seconded.

* SRI M. PATANJALI SASTRI : Sir, I do not know whether the Leader of the House is going to invoke the terms of the agreement here also. The amendment is simple. This deals with the amount due to the defaulting subscriber. How to deal with it? When the substituted subscriber draws the prize amount, the defaulting subscriber shall be entitled to recover from his foreman his contributions, that is, contributions already made by the defaulting subscriber before he committed default in the payment of further subscriptions. This he is entitled to recover. The amendment seeks to add the words ' together with the arrears of subscription realised from the substituted subscriber '. This also should go to the defaulting subscriber, and that is made clear in the previous clause itself, where the foreman is directed to deposit in some bank

23rd February 1961] [Sri. M. Patanjali Sastri]

the amounts or arrears realised from the substituted subscriber, which he is prohibited from appropriating to himself by drawing out of the bank except for payment to the defaulting subscriber. Therefore sub-clause (3) of clause 21 specifically contemplates the payment of arrears collected from the substituted subscriber to the defaulting subscriber. So the defaulting subscriber should get under the provisions of the Bill not only the contributions made by him before he committed default and therefore had his name removed, but also the arrears due by him after the default and till the substitution is effected. Both these amounts he is entitled to collect. But clause 22 only says that when a substituted subscriber draws the prize amount, the defaulting subscriber shall be entitled to recover from the foreman his contributions. Then what about the arrears? According to the previous clause, he is entitled to arrears of subscription. This is the place where he must be given the right to recover that also from the foreman. Therefore, I think this is a perfectly clear thing. It is only because of an inadvertent omission this provision is not inserted here. I would suggest to the Hon. Mover to accept this amendment to give full effect to the defaulting subscriber's rights.

SRI K. BALASUBRAMANYA AYYAR : Sir, the definite article " the " is omitted in the sentence " Then foreman shall on demand made . . ." That is perhaps a printing mistake. 5 p.m.

THE HON. SRI R. VENKATARAMAN : Mr. Chairman, we thought that the word " subscriptions " would include the arrears. If the hon. Member Sri Patanjali Sastri thinks that it will not cover the arrears, I am willing to have that amendment accepted. From the wording used, namely, " the defaulting subscriber shall be entitled to recover from the foreman his contributions subject to such deductions as may be provided for in the chit agreement ", we thought that " contributions " would include the arrears as well as future payment. The word " contributions " is a comprehensive term. But if the hon. Member Sri Patanjali Sastri thinks that it is not sufficiently wide to cover both, then the Government will be prepared to accept the amendment.

MR. CHAIRMAN : The question is—

" In line 4, after the words ' his contributions ' and before the words ' subject to ', *insert* the following :—

' together with the arrears of subscription realized from the substituted subscriber '."

The amendment was put and carried.

Clause 22, as amended, was put and carried.

MR. CHAIRMAN : The House will now adjourn and meet again at 3 p.m. to-morrow.

The House then adjourned.

V.—PAPERS LAID ON THE TABLE OF THE HOUSE.

* 202. *Notification issued with G.O. Ms. No. 921, Revenue, dated 16th November 1960, regarding exemption from liability to entertainments tax the benefit film shows in aid of the Flag Day Fund to be held in December* 1960.

* 203. *Notification issued with G.O. R. No. 965, Revenue, dated 29th November 1960 regarding exemption from liability to entertainments tax, the benefit film show conducted by the Madras Secretariat Association at 10 a.m. on 12th November* 1960.

* 204. *Notification issued with G.O. No. 4889, Revenue, dated 29th November* 1960 *under the Madras General Sales Tax Act,* 1959 (*Madras Act I of* 1959).

* 205. *Notification issued with G.O. Ms. No. 1875, Local Administration, dated 30th November* 1960 *relating to the procedure in regard to transaction of business and conduct of meetings of District Development Councils.*

* 206. *Notification issued with G.O. Ms. No. 3946, Food and Agriculture, dated 2nd December 1960 constituting the Madras Land Improvement Board under the Madras Land Improvement Scheme.*

† 207. *Notification issued with G.O. Ms. No.* 105, *Home, dated 6th January* 1961 *under the Madras Motor Vehicles Taxation Act,* 1931 (*Madras Act III of* 1931).

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* Sent by post to all M.L.Cs. on 13th February 1961.

† Laid on the table of the House on 18th February 1961.

TRUTH ALONE TRIUMPHS

APPENDIX.

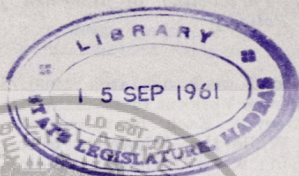
[Vide answer to Starred Question No. 75 asked by Vidwan T. Muthukannappan at the meeting of the Legislative Council held on 23rd February 1961, page 388 supra.]

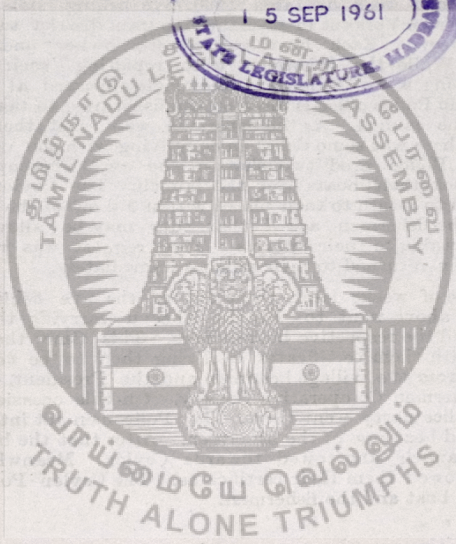
[SUBJECT.—*Law and Order—Ramanathapuram district—Katcha Theevu—Threatening of fishermen from Katcha Theevu by Ceylon Police.*]

In the second week of March 1960, five fishing boats set out into the sea from Verkkot in Ramanathapuram district to fish off Katcha Theevu. Each boat carried its owner and a few fishermen. While the fishermen were repairing their nets, a launch carrying a few Ceylon Police officials appeared at Katcha Theevu. The Police officials directed the fishermen to take their boats near the launch. As the fishermen were just then laying their nets, there was some delay in complying with the direction. The Ceylon Police fired two shots in the air. Thereupon, the fishermen took their boats near the launch. The Ceylon Police warned them to return to their places within 3 p.m. of the following day. The fishermen asked that they may be allowed two days for returning to their villages. Their request was rejected. The fishermen returned to their villages immediately.

A couple of weeks later, three out of the five fishing boats referred to above went to Katcha Theevu carrying the same fishermen and the respective boat-owners. This time, the fishermen took with them certificates declaring them to be *bona fide* fishermen, from the village headman and the President, Rameswaram Fishermen Co-operative Society. On this occasion also, a Ceylon Police party went there. The Policemen got into one of the boats and beat one of the fishermen. After that the boat was tied to the launch and towed towards Ceylon. Meanwhile, the fishermen showed them their certificates. The Ceylon Police then released the boat and the fishermen.

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